

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING October 10, 2023

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, October 10, 2023 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon (via Zoom), Ray Loveless, Kenny Seng, and Brent Winder.

Trustees Absent:

Also Present: Dan Ellsworth, Mark Holdaway, and Greg Stanton – SESD

Ray Loveless welcomed everyone and called the meeting to order at 11:01 a.m. Dan Ellsworth offered a prayer and Brent Winder led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

Ray Loveless invited Ted Edwards, an SESD customer from West Mountain, to address the Board. After briefly describing his solar system and power needs, Ted asked the Board to consider changing the SESD Net Metering Policy to allow up to 25 kW of residential solar installation. Ted told the Board he is not interested in making money from his solar system, so he is not concerned about the amount credited back to customers for solar generation put back onto SESD's distribution system. He said his only concern is being allowed to put up enough solar panels to take care of his own power needs. Ted explained that he knows of at least 10 other people in the West Mountain area who are like him – they are not concerned about credits, but they would like to install more solar panels to better take care of their own power needs. Ted also mentioned that Tesla has a program that allows utilities to access customer Tesla Powerwalls to draw power during peak load periods. Ted said he would be willing to sell some of his Tesla Powerwall energy if needed and encouraged SESD to learn more about the program.

Ray Loveless thanked Ted Edwards for his comments and invited him to stay for the rest of the meeting. Ted thanked the Board for giving him time to share his opinions and excused himself from the meeting.

APPROVE BOARD MEETING MINUTES

MOTION to approve the September 12, 2023 Board Meeting minutes.

Richard Behling made a motion seconded by Kenny Seng to approve the September 12, 2023, Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

MOTION to approve the September 19, 2023 Board Meeting minutes.

Brent Winder made a motion seconded by Nelson Abbott to approve the September 19, 2023 Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

FINANCE COMMITTEE

Richard Behling reviewed the September 2023 Disbursements, Expenses, and Credit Card Expenditures. Richard pointed out the purchase of two 2023 Ford F-350's. He said the Board was concerned about the procedures followed in the truck purchases. He said one of the biggest

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concerns was that the check issued for payment was only signed by the Board Clerk. Ray Loveless acknowledged this concern and stated that state law prohibits single-signed checks by board clerks.

Richard Behling explained that another concern about the F-350 truck purchases was the elapsed time between the order date and the payment date. He also said there needed to be better documentation showing the budgeting and approval processes. Richard then suggested that the whole Board approve vehicle purchases before they are made. Brent Winder recommended that large purchases, such as vehicle purchases, should go through a multi-step approval process with Board approvals occurring at the time of order and then again at time of disbursement. Brent Winder and Nelson Abbott also recommended that the money should already be saved and set aside before vehicles are approved for order. Ray Loveless said SESD's Purchasing Policy needs to be reviewed again to assure it complies with state law. He asked the Finance Committee to review the SESD Purchasing Policy and to make the changes necessary to bring it into compliance with state law.

MOTION to approve the September 2023 Disbursements & Expenses.

Richard Behling made a motion seconded by Kenny Seng to approve the September 2023 disbursements & expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Richard Behling asked Mark Holdaway to review the September 2023 Financial Report. After Mark's review, Brent Gordon pointed out that the September monthly financial report showed a slight net deficit for the month. Brent said that even though SESD is financially healthy for the financial year as a whole, he is concerned about individual monthly deficits. He admonished the staff to watch SESD's finances more carefully to avoid future deficits.

MOTION to accept the September 2023 Financial Report.

Joel Brown made a motion seconded by Kenny Seng to accept the September 2023 Financial Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Richard Behling asked Dan Ellsworth to discuss the trade in and purchase of four (4) Ford F-150 pick-up trucks. Dan stated that for several years now SESD has annually traded in its F-150 pick-up trucks for new ones. Doing so has generated significant savings to the District by avoiding costly maintenance and repairs. Dan pointed out that, due to supply chain issues and financial constraints, this round of trade-ins ended up being two years instead of the normal one year. He said the total price for all four new F-150 pick-ups, after trade in, came to \$50,748 and that they would not be available until sometime in Spring 2024.

Due to the Board's concerns over the purchase of the two F-350 pick-up trucks, Dan asked the Board how they would like to proceed with the purchase of the four F-150 trucks. After some discussion it was determined that the following process should be followed for vehicle purchases: a.) set aside funds; b.) receive board approval to order vehicle; c.) issue PO and order vehicle; d.) receive build/ delivery notification; e.) receive board approval to disburse funds for

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vehicle purchase; f.) disburse the funds and receive the vehicle.

Brent Gordon asked why SESD isn't purchasing its trucks from Ken Garff since Ken Garff holds the state contract for Ford vehicles. Dan said the trucks are being purchased through Murdock Ford in Santaquin. Dan explained that the money saved in travel time and distance to Santaquin compared to American Fork (the closest Ken Garff dealership) more than made up for any difference in truck pricing. Nelson Abbott suggested reaching out to Ken Garff in the next round of trade-ins to see if the dealership would be willing to deliver the trucks to SESD instead of SESD having to go and pick them up.

Richard Behling pointed out that the Finance Committee reviewed a lease option for the four F-150's and determined the District was better off purchasing the trucks instead of leasing them.

MOTION to trade in four (4) F-150 pick-up trucks for four (4) new F-150 pick-up trucks.

Joel Brown made a motion seconded by Brent Winder to approve trading in four (4) F-150 pick-up trucks for four (4) new F-150 pick-up trucks. Nelson Abbott, Richard Behling, Joel Brown, Ray Loveless, Kenny Seng, and Brent Winder approved the motion. Brent Gordon opposed the motion suggesting the vehicle purchasing process needs to be vetted out more thoroughly.

RESOURCE COMMITTEE

August 2023 Operations Report

Ray Loveless asked Joel Brown to review the August 2023 Operations Report. Joel said that power costs for the summer came in lower than projected largely because SESD received more hydro power than expected. When asked to review SESD's resource mix for August 2023, Mark Holdaway pointed out that CRSP and SWUA hydro purchases were higher this summer than compared to previous summers.

The Board discussed SESD's future power needs and how to cover them. It was noted that two solar projects (Steel 1 and Steel 2) are coming online in 2024 and will add about 5 MW to SESD's portfolio. There was also discussion about the load effects of customer takeover by surrounding cities and possible boundary adjustments with Rocky Mountain Power. Brent Gordon asked how SESD was covering its load with the closure of the Nebo Power Plant for two weeks in October. Ray Loveless said UAMPS went out and procured a power contract for SESD with UMPA for 5 MW of HLH power at \$67/MWh and 3 MW of LLH power at \$57/MWh.

MOTION to accept the August 2023 Operations Report.

Joel Brown made a motion seconded by Richard Behling to accept the August 2023 Operations Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Western United Electric Alliance Agreement

Joel Brown reported that SESD was ready to enter into an alliance agreement with Western United Electric (WUE), an inventory wholesale cooperative out of Brighton, Colorado. Greg

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Stanton, SESD Foreman, was asked to report on his tour of the WUE warehousing facility and headquarters in Brighton. Greg stated that he was very impressed with the quantity of transformers and other inventory items heavily used by SESD's line crew stocked at WUE's facility. Greg also complimented the WUE staff for their professionalism and knowledge of the power industry. Greg said based on what he learned on the tour, he would highly recommend SESD entering into an alliance agreement with WUE.

Dan Ellsworth pointed out other benefits of a WUE Alliance Agreement including better inventory pricing, better lead times, less SESD money held in sitting inventory, patronage from non-coop member sales, and the fact that the agreement can be terminated in 30 days if either party is dissatisfied. Dan and Greg both stated that SESD would benefit greatly from this alliance agreement.

MOTION to approve WUE Alliance Agreement.

Richard Behling made a motion seconded by Joel Brown to approve the WUE Alliance Agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

EXECUTIVE COMMITTEE

Review Board Member Responsibilities

Ray Loveless told the Board that the Utah State Auditor's Office has created a summary of the Utah Code regarding service districts called the Little Manual for Special Districts & Special Service Districts (The Manual). After assuring all the Board had a physical copy of The Manual, Ray asked the Board to review The Manual and refer to it frequently in the fulfillment of their duties.

Net Metering Policy Update

Ray stated that Brook Christensen told the Board in the September 2023 Board Meeting that the ICPE Circuit Study should be complete in two months, which means the study should be complete by November. Ray asked the staff to have a revised Net Metering Policy ready for approval in the November 2023 Board Meeting. Richard Behling asked the staff to research how AMI metering can be used to facilitate customer-generated solar energy sales to the utility, especially from customer-owned battery systems.

Purchasing Policy Review

Ray Loveless asked the Finance Committee to review SESD's Purchasing Policy and to ensure, as was stated earlier in the meeting, that it complies with state law.

UAMPS REPORT

October 2023 Confirmation to Lock-In Appendix Power Pool Project

Ray Loveless reported that the Nebo Power Plant will be closed from 6 October 2023 through 20 October 2023 for regular scheduled maintenance. He said UAMPS procured power from UMPA to cover member loads during the plant closure. SESD committed to 5 MW of HLH power at \$67/MWh and 3 MW of LLH power at \$57/MWh. Ray stated that because UAMPS

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had to know SESD's subscription for power before Board meeting, he discussed SESD's power needs with staff before deciding on the afore-mentioned amounts.

MOTION to ratify October 2023 Confirmation to Lock-In Appendix Power Pool Project. **Richard Behling made a motion seconded by Kenny Seng to ratify the October 2023 Confirmation to Lock-In Appendix Power Pool Project. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

CFPP Project Update

Ray Loveless reported that UAMPS is still trying to increase subscription in the Carbon Free Power Project (CFPP). Ray said UAMPS asked each member for a non-binding confirmation of additional power subscription in the CFPP. Ray stated he told UAMPS SESD would be willing to subscribe for an additional 9 MW. Ray reiterated that this decision was non-binding and was for UAMPS information only.

CREDA REPORT

CREDA Representative and Alternate

Ray Loveless reported that CREDA is holding its Annual Meeting in November and has asked that each of its members appoint a voting representative and alternate. Richard Behling was appointed as SESD's voting representative with Dan Ellsworth as an alternate. The appointments will be ratified in the November 2023 Board Meeting.

Authorization to Attend CREDA Annual Meeting

Ray asked the Board to authorize Richard Behling to attend the CREDA Annual Meeting. Since Richard had a scheduling conflict and will be unable to attend, Dan Ellsworth was authorized to attend.

SUVPS REPORT

Brent Gordon reported that SUVPS is working on some line rerouting in and around Spanish Fork and is also preparing for the new freeway entrance to be built on 1600 North.

POWER SYSTEM REPORT

Outage Report

Greg Stanton reported that most of the outages caused during the month of September were from people hitting power poles in vehicle accidents. Greg said he did respond to a devastating home explosion in Elk Ridge to disconnect power. Nelson Abbott thanked Greg for how quickly he responded to that call.

LEGAL UPDATE

None.

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CLOSED SESSION - UT Code 52-4-205(d)

Ray Loveless stated the Board needed to go into a closed session to discuss certain matters according to UT Code 52-4-205(d).

At 1:00 p.m. Nelson Abbott made a motion seconded by Richard Behling to convene into a closed session to discuss certain matters according to UT Code 52-4-205(d).

Ray Loveless asked Mark Holdaway to conduct a Roll Call Vote:

Nelson Abbott - Y, Richard Behling - Y, Joel Brown - Y, Brent Gordon - Y, Ray Loveless - Y, Kenny Seng - Y, and Brent Winder - Y.

Nelson Abbott made a motion seconded by Joel Brown to reconvene the Regular Board Meeting at 1:27 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

ADJOURNMENT

Nelson Abbott made a motion to adjourn the meeting.

Ray Loveless adjourned the meeting at 1:27 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next board meeting will be held on Tuesday, September 19, 2023 beginning at 11:00 a.m.